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PAULSON: GULFSTREAM/CHRYSLER DEAL COULD BE COMPLETED QUICKLY

Gulfstream Aerospace Chairman Allen Paulson feels acquisition by Chrysler Corp. of the Savannah, Ga.-based aircraft manufacturer could be completed within about a month. Boards of directors of both companies are scheduled to hold separate meetings this week to consider the acquisition by Chrysler of all outstanding Gulfstream stock, including Paulson's holdings which comprise 71 percent of the total, for $19 per share or about $646 million.

In an interview at the Paris Air Show last week, Paulson told *BA* he'd decided to sell his interest in Gulfstream to Chrysler because of estate considerations. Noting that he is 63, Paulson said his heirs "could be put in a hell of precarious position" if something happened to him under the current Gulfstream management organization/financial structure. Paulson said he has known Chrysler Chairman Lee Iacocca for some time and had mentioned the fact that "two or three other people were courting me," adding that the acquisition agreement "just sort of happened." He said part of that agreement provides that "I could run it (Gulfstream) until I didn't want to run it any more. I wouldn't sell the company if I couldn't help run it."

Paulson Confident Agreement Will Be Reached

While completion of a final agreement is subject to action by both boards of directors and various legal technicalities, Paulson said he feels everything could be wrapped up in about 30 days. He said he "fairly well" considers that his agreement with Iacocca is "a done deal." Public shareholders of Gulfstream would receive $19 per share in cash, while Paulson will get a combination of cash and preferred stock.

Given the $1.25 billion backlog of about 80 firm orders for the new Gulfstream IV, Paulson agreed that Chrysler is "getting a helluva bargain" for its $646 million. He said the high point of Gulfstream's earnings will occur in about four years, which could increase value of the company's stock at that point, "but I'll be four years older then," he said, indicating that he preferred to reach a resolution of the company's ownership now rather than waiting. The basic agreement announced late last month *(BA, June 3/173)*, gives Chrysler a six-month option to buy 20 percent of Gulfstream's stock, but Paulson and Chrysler officials indicated the auto maker does want to acquire 100 percent of Gulfstream.

Proposed acquisition is in line with an announcement at Chrysler's board meeting on May 17 when Iacocca said the company was interested in diversifying into two areas, high-technology (defined as aerospace and electronics) and financial services.

Other Sales, Acquisitions Also Possible

Paulson indicated that acquisition of the company by Chrysler is not likely to result in any immediate change in the Peregrine development program, which was suspended earlier this year *(BA, March 18/81)*. Paulson is still interested in the Peregrine, but apparently wants to concentrate on development and certification of the G-IV. He said he is still having discussions with at least one U.S. firm and several foreign entities about selling Gulfstream's manufacturing plant in Bethany, Okla., but that no agreements have been reached. Asked about his visit earlier this year to Canadair facilities in Montreal *(BA, April 1/101)*, Paulson said he is interested in acquiring that company if an agreement can be reached on a price and terms and

(Continued on the following page)

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AIRPORT AND AIRWAY TRUST FUND

Status As Of March 31, 1985

		CURRENT MONTH	FISCAL YEAR TO DATE
I.	BALANCE - BEGINNING OF PERIOD	6,958,117,425.16	6,440,835,770.41
II.	RECEIPTS:		
A.	Excise Taxes (Transferred from General Fund) :		
	Any liquid fuel except gas	3,405,000.00	34,215,299.00
	Tires used on aircraft	0.00	0.00
	Tubes used on aircraft	0.00	0.00
	Gasoline		
	1. Commercial 9 cents tax	203,000.00	1,349,000.00
	2. Non-commercial 9 cents tax	1,917,000.00	12,454,384.00
	3. Non-commercial 3 cents tax	639,000.00	3,698,128.00
	4. Transp by air,seats,berths,etc.	179,944,000.00	1,210,119,730.00
	Use of international trav fac	6,091,000.00	41,586,424.00
	Transp of property and cargo	4,793,000.00	73,121,089.00
	Total Tax Receipts	196,992,000.00	1,376,544,054.00
B.	Less Reimbursement to General Fund - Refund of Taxes and Estimated Tax Credits :		
	1. Civil aircraft	314.00	647.00
	2. Any liquid fuel except gas	1,024,654.00	3,371,642.00
	3. Gasoline -Retailer's tax	145,090.00	145,627.00
	4. Gasoline -Manufac. tax	1,125.00	1,125.00
	Total Reimburse for Tax Refunds	1,171,183.00	3,519,041.00
	Net Tax Receipts	195,820,817.00	1,373,025,013.00
C.	Interest on Investments	636,536.50	355,476,073.62
	Net Receipts	196,457,353.50	1,728,501,086.62
III.	EXPENDITURES :		
A.	Federal Aviation Administration :		
	1. Operations	78,920,229.66	477,104,861.38
	2. Grants-in-aid for airports	48,777,047.17	410,501,054.89
	3. Facilities & equipment	36,429,060.45	193,315,505.95
	4. Research engineering & development	27,002,468.34	118,219,414.77
B.	NOAA weather services	6,750,000.00	13,500,000.00
C.	Interest on Refund of Taxes	54.00	101.00
	Total Expenditures	197,878,859.62	1,212,640,937.99
IV.	BALANCE - END OF PERIOD	6,956,695,919.04	6,956,695,919.04

Treasury Department Chart